

**GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA**

STARRED QUESTION NO:397
ANSWERED ON:23.03.2001
NEW POLICY MEASURES FOR INDUSTRIAL SECTOR
CHANDRA BHUSHAN SINGH

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

- (a) whether the Government are considering initiating new policy measures to bring an upturn in the industrial sector;
- (b) if so, the details thereof;
- (c) whether in this connection, the Group of Ministers recently discussed the problems being faced by the industry in the country;
- (d) if so, whether the Group of Ministers reviewed sectoral foreign investment cap, so that the suggested policy measures could be promptly implemented; and
- (e) if so, the details and outcome thereof?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (DR. RAMAN SINGH)

- (a) to (e) : A Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO LOK SABHA STARRED QUESTION NO 397 FOR 23.03.01 REGARDING POLICY MEASURES FOR INDUSTRIAL SECTOR

(a) & (b) Government has already initiated several policy measures to bring an upturn in industrial sector. Some of the important initiatives are given below:

- Â\$ Basic custom duty in case of raw materials and intermediate goods has been reduced.
- Â\$ Budgetary provisions under Technology Upgradation Fund Scheme have been raised to speed up the modernization of textile mills.
- Â\$ Interest rate on savings has been reduced by one to one and a half percent
- Â\$ De-reservation of fourteen SSI items related to leather goods, shoes and toys.
- Â\$ Further reforms in financial and capital markets.
- Â\$ Repeal of SICA and amendment of Companies Act announced.
- Â\$ To bring in labour flexibility, amendment of Industrial Disputes Act and Contract Labour Act announced.
- Â\$ Tax holiday for infrastructure sector announced.

- (c) to (e) The Group of Ministers (GOM) has been constituted to review existing sectoral policies and sectoral equity caps and decide necessary changes for FDI and investment by NRIs/OCBs. Some of the policy initiatives taken by the government are :
- (i) Removal of cap on foreign investment in the Power sector;
 - (ii) Upto 100% FDI permitted for Business to Business e-commerce and oil refining under automatic route;
 - (iii) FDI upto 100% allowed in all manufacturing activities in Special Economic Zones (SEZs) except a few activities involving national security and social angle;
 - (iv) FDI upto 100% for Internet Service Providers (without gateways), infrastructure providers providing dark fibers (category I), electronic mail and voice mail.